

## Message Text

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ORIGIN OES-09

INFO OCT-01 EA-10 ISO-00 EUR-12 /032 R

66011

DRAFTED BY:OES/NET/EIC:DHCOOPER

APPROVED BY:OES/NET/EIC:EJFWILSON

EA/J:JHCOCHRAN

EUR/CAN:WGARLAND

-----066703 030602Z /21

R 030246Z AUG 78

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

CONFIDENTIAL STATE 195605

FOLLOWING REPEAT OTTAWA 3393 ACTION SECSTATE DATED JUL 07:

QTE: CONFIDENTIAL OTTAWA 03393

E.O. 11652: GDS

TAGS: TECH, ENRG

SUBJECT: POSSIBLE SALE OF ENRICHED URANIUM TO JAPAN

REF: STATE 103441

DEPARTMENT FOR EUR/CAN

DEPARTMENT PLEASE PASS DOE/BERGOLD

1. ON 25 APRIL 1978 THE EMBASSY TRANSMITTED THE SUBSTANCE OF REFTEL TO EXTAFF TO ALLAY FEARS OF GOC THAT PROPOSED JAPANESE PREPAYMENT FOR URANIUM ENRICHMENT SERVICES MIGHT HAVE PREJUDICIAL EFFECTS ON SALE OF CANADIAN URANIUM TO JAPAN. THIS CONCERN ON THE PART OF CANADA ALREADY HAD BEEN EXPRESSED TO THE AMBASSADOR BY ALASTAIR GILLESPIE, MINISTER OF ENERGY, MINES AND RESOURCES.

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2. IT IS NOW REPORTED IN "NUCLEONICS WEEK" OF 29 JUNE 1978 THAT THE SALE TO JAPAN OF \$1-2 BILLION WORTH OF ENRICHED URANIUM FROM THE U.S. STOCKPILE IS NOW BEING DISCUSSED, IN ADDITION TO THE PREPAYMENT FOR ENRICHMENT SERVICES.

3. WE ANTICIPATE THAT THIS TRANSACTION, IF IT MATERIAL-  
IZES, WILL BRING FORTH A STRONG NEGATIVE REACTION FROM  
CANADA, SINCE IT WILL BE VIEWED AS AN ACTION BY THE U.S.  
TO UNDERCUT THE SALE OF 15-30 MILLION POUNDS OF YELLOW-  
CAKE BY CANADA TO JAPAN.

4. THE PATTERN IN THE PAST HAS BEEN FOR JAPAN TO BUY  
NATURAL URANIUM FROM CANADA, HAVE IT ENRICHED IN THE  
U.S., AND THEN SENT TO JAPAN FOR USE IN ITS REACTORS.

5. IF THE REPORT IN "NUCLEONICS WEEK" IS TRUE, CANADA  
NOT ONLY WILL BE CONCERNED ABOUT THE POTENTIAL LOSS OF  
URANIUM SALES BUT ALSO ABOUT THE PRICE THAT WILL BE  
CHARGED FOR THE NATURAL URANIUM COMPONENT OF THE  
ENRICHED URANIUM PRODUCT.

6. THIS WOULD COME AT A TIME WHEN IT IS IN THE STRONG  
INTEREST OF THE U.S., AS WELL AS CANADA, TO ENCOURAGE  
AND PROMOTE THE DEVELOPMENT OF ADDITIONAL URANIUM SOURCES  
IN CANADA.

7. THE PRICE ISSUE IS IMPORTANT, AS CANADA IS TRYING TO  
HOLD THE SALES PRICE OF URANIUM TO THE "WORLD PRICE" OF  
\$42 PER POUND (OR MORE), WITH YEARLY RENEGOTIATIONS OF  
SALES CONTRACTS TO PROVIDE FOR ESCALATION. THE OBJECTIVE  
IS TO ENCOURAGE INVESTMENT IN THE URANIUM INDUSTRY.

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8. PLEASE ADVISE EMBASSY AS TO HOW WE SHOULD RESPOND  
TO QUESTIONS WHICH INEVITABLY WILL ARISE FROM THE  
"NUCLEONICS WEEK" ARTICLE.  
ENDERS UNQTE VANCE

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## Message Attributes

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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
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**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014